



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Michael D. Antonovich**
Commissioners

Sean Rogan
Executive Director

ADOPTED

Community Development Commission

June 2, 2009

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JUNE 2, 2009

The Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**ACCEPTANCE AND ADMINISTRATION OF COMMUNITY DEVELOPMENT BLOCK
GRANT RECOVERY PROGRAM FUNDS
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter requests authority to accept and administer \$8,080,528 in Community Development Block Grant Recovery (CDBG-R) program funds from the County of Los Angeles (County). The U.S. Department of Housing and Urban Development (HUD) has made these funds available to the County under the American Recovery and Reinvestment Act of 2009. The Commission will serve as the agent of the County for administration of the CDBG-R funds, which will be used to carry out, on an expedited basis, eligible activities under the existing Community Development Block Grant programs within the 47 participating cities and unincorporated areas of the County.

An amendment to the County's Fiscal Year 2008-2009 Action Plan is required to receive the CDBG-R funds. This letter relates to another item on the agenda of the Board of Supervisors, for approval of the Action Plan amendment.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the acceptance of Community Development Block Grant Recovery (CDBG-R) program funds is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

2. Authorize the Executive Director to accept from the County and incorporate into the Commission's Fiscal Year 2009-2010 budget up to \$8,080,528 in CDBG-R program funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Commission will serve as the agent of the County for administration of the CDBG-R program. In keeping with the purposes of the American Recovery and Reinvestment Act of 2009 (Recovery Act), the proposed CDBG-R funds will address hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings within the 47 participating cities and unincorporated areas of the County.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. CDBG-R funds in the amount of up to \$8,080,528 will be incorporated into the Commission's proposed Fiscal Year 2009-2010 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On February 17, 2009, Congress enacted the Recovery Act, which appropriated \$1 billion in Community Development Block Grant (CDBG) funds to states and local governments to carry out, on an expedited basis, eligible activities under the CDBG program. The grant program under Title XII of Division A of the Recovery Act is commonly referred to as the CDBG-R program. These CDBG-R funds will be distributed to grantees that received CDBG funding in Fiscal Year 2008-2009. However, because the funds will not be released by HUD until August 2009, they will be incorporated into the Commission's Fiscal Year 2009-2010 budget.

Funding available under the Recovery Act has clear purposes – to stimulate the economy through measures that modernize the nation's infrastructure, improve energy efficiency and expand educational opportunities and access to health care. HUD desires that CDBG-R grantees carefully evaluate proposed projects for consistency with the overarching goals of the Recovery Act, especially the above-cited purposes. To this extent, HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. HUD also strongly suggests that grantees incorporate consideration of the public perception of the intent of the Recovery Act in identifying and selecting projects for CDBG-R funding.

Honorable Board of Commissioners
June 2, 2009
Page 3

Based on HUD's allocation formula, the County will receive a total of \$8,080,528, of which \$103,366 was allocated to the City of Cerritos as a joint applicant with the County of Los Angeles. HUD requires that no less than 70 percent of CDBG-R funds are expended for activities and programs that benefit low- and moderate-income persons. HUD has also imposed a grant period and expenditure deadline of September 30, 2012, to ensure that the use of CDBG-R funds is expedited. Up to 10 percent of the CDBG-R grant may be used for general administration and planning activities. No more than 15 percent of CDBG-R funds shall be expended for eligible public service activities exclusive of any other funds received by the grantee.

The Commission will return to your Board to seek approval of the reimbursable contracts with participating cities and other agencies who received CDBG funding in Fiscal Year 2008-2009 and will be receiving CDBG-R program funds.

ENVIRONMENTAL DOCUMENTATION

This transfer of funds is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because it is an administrative action and does not involve activities that will alter existing environmental conditions. The funds transfer is not subject to the provisions of CEQA, pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROJECTS

The CDBG-R funded projects will benefit low- income residents of the unincorporated County and participating cities.

Respectfully submitted,


for SEAN ROGAN
Executive Director

cc: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors